

Effect of the President's Budgetary Proposals

The President's budget proposes policies that CBO estimates would balance the budget by 2002. Because of the lack of details about the President's policies after 2002 and the imprecision of long-term budget projections, it is impossible to assess fully the long-term effects of adopting the President's policies. Even if the rates of growth of spending and revenues after 2002 did not change compared with CBO's assumptions based on no change in policy, the long-term picture would be brighter because of the reduction in accumulated debt in 2002. Achieving a fiscal policy that is sustainable in the very long run, however, would require further increases in revenues or reductions in the growth of spending after 2002. The Administration has estimated that spending will grow more slowly after 2002 under the President's policies than CBO has assumed in its current-policy scenarios. Based on those assumptions about the effects of the President's policies, the Administration projects a deficit of only 1 percent of GDP in 2050, less than the level in 1995. CBO is examining the Administration's projections, as well as other long-term scenarios that start from a balanced budget in 2002. The results from the analysis are not yet available but will be included in CBO's annual report.

CONCLUSION

Although the projected deficit for 1996 is \$28 billion lower than we estimated last December, CBO's fundamental outlook for the economy and the budget has changed little since December. If current policies governing federal entitlement spending and revenues are not changed, and if discretionary appropriations are allowed to keep pace with inflation, the deficit will begin climbing steadily in 1997 after declining four years in a row. The budget problem will grow worse after 2010 when the baby-boom population begins to retire and will put great pressure on the costs of Social Security, Medicare, and other programs for the elderly. The President has proposed changes in policies that would balance the budget in 2002, but the extent to which those policies would ease the budgetary problems from the aging of the baby-boomers is uncertain. CBO plans to analyze further the effects of proposals to balance the budget by 2002 on the long-term budgetary problems.

Table 1.
Economic Projections for Calendar Years 1996 Through 2006 Assuming Current Policy

	Preliminary ^a 1995	Forecast		Projected								
		1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Nominal GDP (Billions of dollars)	7,248	7,584	7,943	8,324	8,730	9,156	9,603	10,071	10,563	11,078	11,619	12,185
Nominal GDP (Percentage change)	4.6	4.6	4.7	4.8	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9
Real GDP ^b (Percentage change)	2.1	2.0	1.9	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Chained Price Index (Percentage change)	2.5	2.6	2.8	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
CPI-U ^c (Percentage change)	2.8	2.8	3.1	3.0	2.9	2.9	2.9	3.0	3.0	3.0	3.0	3.0
Unemployment Rate (Percent)	5.6	5.8	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Three-Month Treasury Bill Rate (Percent)	5.5	4.9	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8
Ten-Year Treasury Note Rate (Percent)	6.6	6.1	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4
Tax Bases												
(Billions of dollars)												
Corporate profits	579	599	612	618	620	629	648	672	703	741	780	822
Other taxable income	1,529	1,595	1,662	1,757	1,859	1,958	2,058	2,157	2,259	2,367	2,482	2,604
Wage and salary disbursements	<u>3,420</u>	<u>3,592</u>	<u>3,760</u>	<u>3,935</u>	<u>4,124</u>	<u>4,322</u>	<u>4,528</u>	<u>4,743</u>	<u>4,969</u>	<u>5,205</u>	<u>5,452</u>	<u>5,711</u>
Total	5,528	5,786	6,035	6,309	6,603	6,909	7,233	7,572	7,931	8,313	8,714	9,137
Tax Bases												
(Percentage of GDP)												
Corporate profits	8.0	7.9	7.7	7.4	7.1	6.9	6.7	6.7	6.7	6.7	6.7	6.7
Other taxable income	21.1	21.0	20.9	21.1	21.3	21.4	21.4	21.4	21.4	21.4	21.4	21.4
Wage and salary disbursements	<u>47.2</u>	<u>47.4</u>	<u>47.3</u>	<u>47.3</u>	<u>47.2</u>	<u>47.2</u>	<u>47.2</u>	<u>47.1</u>	<u>47.0</u>	<u>47.0</u>	<u>46.9</u>	<u>46.9</u>
Total	76.3	76.3	76.0	75.8	75.6	75.5	75.3	75.2	75.1	75.0	75.0	75.0

SOURCES: Congressional Budget Office; Department of Commerce, Bureau of Economic Analysis; Department of Labor, Bureau of Labor Statistics; Federal Reserve Board.

NOTE: GDP = gross domestic product.

a. Consistent with the first official estimate for 1995 published on March 4, 1996.

b. Based on chained (1992) dollars.

c. CPI-U is the consumer price index for all urban consumers.

Table 2.
Economic Projections for Calendar Years 1996 Through 2006 Assuming Balanced Budget Policy

	Preliminary ^a 1995	Forecast		Projected								
		1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Nominal GDP (Billions of dollars)	7,248	7,584	7,946	8,333	8,745	9,177	9,631	10,108	10,608	11,133	11,684	12,261
Nominal GDP (Percentage change)	4.6	4.6	4.8	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9
Real GDP ^b (Percentage change)	2.1	2.0	2.0	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Chained Price Index (Percentage change)	2.5	2.6	2.8	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
CPI-U ^c (Percentage change)	2.8	2.8	3.1	3.0	2.9	2.9	2.9	3.0	3.0	3.0	3.0	3.0
Unemployment Rate (Percent)	5.6	5.8	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Three-Month Treasury Bill Rate (Percent)	5.5	4.9	4.8	4.3	3.9	3.7	3.7	3.7	3.7	3.7	3.7	3.7
Ten-Year Treasury Note Rate (Percent)	6.6	5.7	5.5	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3
Tax Bases												
(Billions of dollars)												
Corporate profits	579	602	637	668	691	716	741	778	817	857	899	944
Other taxable income	1,529	1,590	1,635	1,700	1,779	1,860	1,946	2,032	2,127	2,227	2,334	2,448
Wage and salary disbursements	<u>3,420</u>	<u>3,592</u>	<u>3,762</u>	<u>3,939</u>	<u>4,131</u>	<u>4,332</u>	<u>4,541</u>	<u>4,761</u>	<u>4,990</u>	<u>5,230</u>	<u>5,482</u>	<u>5,746</u>
Total	5,528	5,784	6,034	6,307	6,601	6,907	7,228	7,570	7,933	8,315	8,716	9,138
Tax Bases												
(Percentage of GDP)												
Corporate profits	8.0	7.9	8.0	8.0	7.9	7.8	7.7	7.7	7.7	7.7	7.7	7.7
Other taxable income	21.1	21.0	20.6	20.4	20.3	20.3	20.2	20.1	20.0	20.0	20.0	20.0
Wage and salary disbursements	<u>47.2</u>	<u>47.4</u>	<u>47.3</u>	<u>47.3</u>	<u>47.2</u>	<u>47.2</u>	<u>47.2</u>	<u>47.1</u>	<u>47.0</u>	<u>47.0</u>	<u>46.9</u>	<u>46.9</u>
Total	76.3	76.3	75.9	75.7	75.5	75.3	75.0	74.9	74.8	74.7	74.6	74.5

SOURCES: Congressional Budget Office; Department of Commerce, Bureau of Economic Analysis; Department of Labor, Bureau of Labor Statistics; Federal Reserve Board.

NOTE: GDP = gross domestic product.

a. Consistent with the first official estimate for 1995 published on March 4, 1996.

b. Based on chained (1992) dollars.

c. CPI-U is the consumer price index for all urban consumers.

Table 3.
CBO Deficit Projections (By fiscal year)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
In Billions of Dollars												
Baseline Total Deficit with Current-Policy Economic Assumptions												
Cap discretionary spending (with inflation after 1998)	164	144	171	194	219	244	259	285	311	342	376	403
Freeze discretionary spending at 1996 dollar level	164	144	159	176	182	187	174	178	178	181	187	179
Baseline Total Deficit with Balanced Budget Economic Assumptions												
Cap discretionary spending (with inflation after 1998)	164	144	165	175	182	191	194	210	225	244	265	278
Freeze discretionary spending at 1996 dollar level	164	144	154	157	145	136	111	106	96	88	84	64
As a Percentage of Gross Domestic Product												
Baseline Total Deficit with Current-Policy Economic Assumptions												
Cap discretionary spending (with inflation after 1998)	2.3	1.9	2.2	2.4	2.5	2.7	2.7	2.9	3.0	3.1	3.3	3.3
Freeze discretionary spending at 1996 dollar level	2.3	1.9	2.0	2.1	2.1	2.1	1.8	1.8	1.7	1.6	1.6	1.5
Baseline Total Deficit with Balanced Budget Economic Assumptions												
Cap discretionary spending (with inflation after 1998)	2.3	1.9	2.1	2.1	2.1	2.1	2.0	2.1	2.1	2.2	2.3	2.3
Freeze discretionary spending at 1996 dollar level	2.3	1.9	2.0	1.9	1.7	1.5	1.2	1.1	0.9	0.8	0.7	0.5
SOURCE: Congressional Budget Office.												

Table 4.
Changes in CBO Deficit Projections Since December (By fiscal year, in billions of dollars)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
December Baseline Deficit	172	182	183	195	204	211	228	244	266	294
Legislative Changes										
Revenues	a	a	a	a	a	a	a	a	a	a
Discretionary outlays	-19	-8	0	0	0	0	0	0	0	0
Mandatory outlays										
Farm bill	3	1	-1	-1	-1	-2	-2	-1	-1	-1
Other	a	a	a	-1	-1	a	a	a	a	a
Subtotal	3	2	-1	-2	-2	-2	-2	-1	-1	-1
Deficit	-15	-6	-1	-2	-2	-2	-2	-1	-1	-1
Economic Changes										
Revenues	-2	1	1	2	5	6	8	11	13	15
Outlays										
Net interest	-2	-6	-6	-7	-8	-10	-14	-18	-22	-29
Other mandatory outlays	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2
Subtotal	-4	-8	-8	-10	-11	-12	-17	-20	-25	-31
Deficit	-6	-7	-8	-7	-6	-6	-9	-9	-12	-17
Technical Changes										
Revenues										
Expiring excise taxes	5	7	8	8	8	9	9	10	10	11
Other revenues	-4	-2	-1	-1	a	a	1	1	2	3
Subtotal	1	5	7	7	8	9	10	11	12	14
Discretionary outlays	0	0	-10	-9	-10	-10	-10	-10	-11	-11
Mandatory outlays										
Medicare and Medicaid	-2	-3	-2	-4	-5	-7	-9	-11	-14	-19
Social Security	-1	-1	-1	-1	-2	-2	-3	-3	-4	-5
Supplemental Security Income	a	-1	-1	-1	-2	-2	-3	-3	-4	-5
Electromagnetic spectrum auctions	-3	-10	-2	a	a	0	0	0	0	0
Net interest	-1	a	a	1	1	1	3	4	6	9
Other mandatory outlays	a	6	10	4	6	5	5	5	7	7
Subtotal	-8	-8	4	-1	-2	-6	-7	-8	-8	-12
Deficit	-7	-3	1	-3	-4	-7	-7	-7	-7	-9
Debt Service	a	-1	-1	-1	-1	-1	-1	-1	-2	-2
Total Changes	-28	-16	-8	-13	-12	-16	-18	-19	-22	-29
April Baseline Deficit with Balanced Budget Economic Assumptions	144	165	175	182	191	194	210	225	244	265
Changes from Adopting Current-Policy Economic Assumptions	a	5	19	37	53	64	75	86	98	111
April Baseline Deficit with Current-Policy Economic Assumptions	144	171	194	219	244	259	285	311	342	376

SOURCE: Congressional Budget Office.

NOTES: Reductions in revenues are shown with a positive sign because they increase the deficit.

Numbers may not add to totals because of rounding.

a. Less than \$500 million.

Table 5.
CBO April Baseline Projections Under Current-Policy Economic Assumptions with Discretionary Inflation (By fiscal year)

	Actual 1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
In Billions of Dollars												
Revenues												
Individual income	590	636	661	694	730	769	811	853	898	946	997	1,051
Corporate income	157	169	171	172	171	171	174	179	185	194	204	214
Social insurance	484	504	531	553	580	609	636	666	696	727	762	800
Other	123	119	120	124	128	132	137	142	151	156	162	168
Total	1,355	1,428	1,483	1,544	1,609	1,681	1,758	1,840	1,931	2,023	2,124	2,232
On-budget	1,004	1,063	1,098	1,142	1,186	1,236	1,294	1,354	1,423	1,493	1,568	1,649
Off-budget	351	365	385	402	423	444	464	486	508	530	556	584
Outlays												
Discretionary*	546	533	546	546	563	579	596	614	632	651	671	691
Mandatory	822	875	946	1,011	1,070	1,141	1,205	1,285	1,369	1,457	1,557	1,655
Net interest	232	240	246	257	271	283	296	311	328	346	365	385
Offsetting receipts	-80	-75	-84	-77	-76	-79	-81	-85	-88	-90	-93	-96
Total	1,519	1,572	1,654	1,737	1,828	1,925	2,016	2,125	2,242	2,365	2,500	2,636
On-budget	1,230	1,272	1,340	1,410	1,491	1,573	1,648	1,743	1,844	1,952	2,071	2,190
Off-budget	289	300	314	327	337	352	368	382	398	413	429	446
Deficit	164	144	171	194	219	244	259	285	311	342	376	403
On-budget deficit	226	209	242	268	305	337	354	389	421	459	503	541
Off-budget surplus	62	65	71	74	86	92	96	104	110	117	127	138
Debt Held by the Public	3,603	3,770	3,967	4,181	4,422	4,687	4,966	5,268	5,593	5,947	6,333	6,746

(Continued)

Table 5.
Continued

	Actual 1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
As a Percentage of Gross Domestic Product												
Revenues												
Individual income	8.2	8.5	8.4	8.4	8.5	8.5	8.5	8.6	8.6	8.6	8.7	8.7
Corporate income	2.2	2.3	2.2	2.1	2.0	1.9	1.8	1.8	1.8	1.8	1.8	1.8
Social insurance	6.7	6.7	6.8	6.7	6.7	6.7	6.7	6.7	6.7	6.6	6.6	6.6
Other	1.7	1.6	1.5	1.5	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.4
Total	18.9	19.1	18.9	18.8	18.7	18.6	18.5	18.5	18.5	18.5	18.5	18.5
On-budget	14.0	14.2	14.0	13.9	13.8	13.7	13.6	13.6	13.6	13.6	13.7	13.7
Off-budget	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.8	4.8	4.8
Outlays												
Discretionary ^a	7.6	7.1	7.0	6.6	6.5	6.4	6.3	6.2	6.1	5.9	5.8	5.7
Mandatory	11.4	11.7	12.0	12.3	12.4	12.6	12.7	12.9	13.1	13.3	13.6	13.7
Net interest	3.2	3.2	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.2	3.2	3.2
Offsetting receipts	-1.1	-1.0	-1.1	-0.9	-0.9	-0.9	-0.9	-0.9	-0.8	-0.8	-0.8	-0.8
Total	21.2	21.0	21.1	21.1	21.2	21.3	21.3	21.4	21.5	21.6	21.8	21.9
On-budget	17.1	17.0	17.1	17.1	17.3	17.4	17.4	17.5	17.7	17.8	18.0	18.2
Off-budget	4.0	4.0	4.0	4.0	3.9	3.9	3.9	3.8	3.8	3.8	3.7	3.7
Deficit	2.3	1.9	2.1	2.4	2.5	2.7	2.7	2.9	3.0	3.1	3.3	3.3
On-budget deficit	3.2	2.8	3.1	3.3	3.5	3.7	3.7	3.9	4.0	4.2	4.4	4.5
Off-budget surplus	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1
Debt Held by the Public	50.2	50.3	50.5	50.8	51.3	51.8	52.3	52.9	53.6	54.3	55.2	56.0
Memorandum:												
Gross Domestic Product												
(Billions of Dollars)	7,181	7,491	7,853	8,225	8,627	9,047	9,489	9,952	10,438	10,947	11,481	12,041

SOURCE: Congressional Budget Office.

a. Discretionary spending is adjusted for inflation up to the statutory caps that are in effect through 1998. General-purpose discretionary spending is assumed to equal the cap in 1998 and to grow from that level at the rate of inflation in later years.

Table 6.
CBO April Baseline Projections for Mandatory Spending, Including Deposit Insurance (By fiscal year, in billions of dollars)

	Actual 1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Means-Tested Programs												
Medicaid	89	96	105	115	126	138	152	166	183	201	221	243
Food Stamps ^a	26	26	28	30	31	32	34	35	37	38	40	41
Supplemental Security Income	25	24	28	30	33	38	35	40	43	46	54	53
Family Support	18	18	19	19	20	21	21	22	23	23	24	25
Veterans' Pensions	3	3	3	3	3	4	3	4	4	4	4	4
Child Nutrition	7	8	8	9	10	10	11	11	12	13	13	14
Earned Income Tax Credit	15	18	20	21	22	23	23	24	25	26	27	28
Student Loans ^b	4	2	2	2	3	3	3	3	3	3	4	4
Other	3	4	4	4	5	5	6	6	7	7	8	8
Total	191	199	217	234	252	274	287	312	336	362	394	420
Non-Means-Tested Programs												
Social Security	333	348	365	383	402	422	444	467	490	515	540	567
Medicare	177	196	216	236	257	279	303	329	357	389	424	463
Subtotal	510	544	581	620	660	702	747	795	847	904	964	1,030
Other Retirement and Disability												
Federal civilian ^c	43	44	46	49	51	54	57	60	63	67	71	75
Military	28	29	30	31	32	33	34	35	36	38	39	40
Other	5	5	5	5	5	5	5	5	5	5	5	5
Subtotal	75	77	81	84	88	92	96	100	105	110	115	121
Unemployment Compensation	21	24	26	27	28	29	30	31	32	34	35	36
Deposit Insurance	-18	-10	-5	-2	-2	-2	-2	-1	-1	-1	-1	-1
Other Programs												
Veterans' benefits ^d	18	17	19	19	20	21	19	20	21	21	22	21
Farm price supports	6	7	7	7	7	7	6	5	5	5	5	5
Social services	6	5	6	6	6	6	6	6	6	6	6	6
Credit reform liquidating accounts	-2	-7	-7	-6	-6	-6	-6	-6	-6	-6	-7	-7
Other	15	19	20	21	18	20	22	21	23	23	23	23
Subtotal	42	41	45	48	45	47	47	47	49	49	50	49
Total	631	676	728	777	818	868	918	972	1,033	1,096	1,163	1,235
Total												
All Mandatory Spending	822	875	946	1,011	1,070	1,141	1,205	1,285	1,369	1,457	1,557	1,655

SOURCE: Congressional Budget Office.

NOTE: Spending for benefit programs shown above generally excludes administrative costs, which are discretionary. Spending for Medicare also excludes premiums, which are considered offsetting receipts.

a. Includes nutrition assistance to Puerto Rico.

b. Formerly known as guaranteed student loans.

c. Includes Civil Service, Foreign Service, Coast Guard, other retirement programs, and annuitants' health benefits.

d. Includes veterans compensation, readjustment benefits, life insurance, and housing programs.

Table 7.
CBO Reestimate of the President's Budget (By fiscal year, in billions of dollars)

	1996	1997	1998	1999	2000	2001	2002	1996-2002
CBO Baseline Deficit ^a	144	165	175	182	191	194	210	n.a.
President's Basic Budgetary Proposals								
Revenues ^b								
Tax relief								
Child tax credit	0	10	8	9	13	13	13	64
Higher education deduction	0	7	6	7	7	7	8	41
Individual retirement account	0	1	1	1	2	4	5	14
Other tax relief	0	1	1	2	2	2	2	9
Subtotal, tax relief	0	18	16	18	23	26	28	129
Extend expired excise taxes	0	-4	-6	-6	-6	-7	-7	-36
Other revenue provisions	1	-6	-8	-10	-10	-10	-12	-54
Subtotal, revenues	1	8	2	3	7	9	9	38
Outlays								
Medicare	c	-5	-8	-14	-20	-26	-31	-103
Medicaid	0	2	-2	-6	-10	-16	-22	-54
Welfare reform	0	-4	-6	-6	-7	-7	-8	-38
FCC spectrum auction	0	c	-2	-3	-4	-5	-16	-31
Proceeds from asset sales	c	-1	c	c	c	c	-2	-4
Discretionary appropriations	2	-4	-6	-26	-42	-46	-38	-161
Other policy changes	-1	-4	1	-1	-2	-5	-6	-18
Debt service	c	c	-1	-3	-6	-11	-16	-35
Subtotal, outlays	1	-17	-23	-59	-91	-116	-138	-444
Total Changes	2	-9	-21	-57	-84	-107	-129	-405
Deficit Under the President's Basic Budgetary Proposals as Estimated by CBO	146	156	153	125	108	87	81	n.a.
President's Contingent Budgetary Proposals								
Sunset tax relief ^c	0	0	c	c	c	-7	-25	-32
Medicare	0	-1	-1	-2	-2	-3	-3	-13
FCC spectrum auction failsafe	0	0	0	0	0	0	-6	-6
Discretionary appropriations	0	0	0	0	0	-22	-46	-67
Debt service	0	c	c	c	c	-1	-4	-6
Total Changes	0	-1	-2	-2	-2	-33	-84	-124
Deficit Under the President's Budgetary Proposals as Estimated by CBO	146	155	152	123	105	54	-3	n.a.

SOURCE: Congressional Budget Office.

NOTES: Numbers may not add to totals because of rounding. FCC = Federal Communications Commission; n.a. = not applicable.

- This baseline is based on economic projections that assume the budget will be balanced by 2002. It assumes that discretionary spending is equal to 1996 appropriations adjusted for inflation up to the caps that are in effect through 1998. General-purpose discretionary spending is equal to the cap in 1998 and grows from that level at the rate of inflation after that.
- Revenue losses are shown with a positive sign because they increase the deficit.
- Less than \$500 million.

Table 8.
Population of the United States, by Age, Selected Years, 1950-2070

	Projections					
	1950	1970	1990	2010	2030	2050
In Millions						
Less than 20 Years Old	54	81	75	82	83	84
20 to 64 Years Old	93	113	153	186	192	202
65 Years and Older	13	21	32	40	68	75
Total	159	215	260	307	343	360
As a Percentage of Total Population						
Less than 20 Years Old	34	38	29	27	24	23
20 to 64 Years Old	58	53	59	60	56	56
65 Years and Older	8	10	12	13	20	21
Total	100	100	100	100	100	100
Memorandum:						
Ratio of People Age 20 to 64 to People Age 65 Years and Older	7.3	5.4	4.8	4.7	2.8	2.7

SOURCE: Congressional Budget Office based on data from the Social Security Administration.

NOTE: Numbers may not add to totals because of rounding.

Table 9.
Projections of Federal Receipts and Expenditures Measured by the National Income and Product Accounts,
Base Scenario Without Economic Feedbacks, Selected Calendar Years (As a percentage of gross domestic product)

	Preliminary 1995 ^a	2000	2005	2010	2015	2020	2025	2050
Assume Discretionary Spending Grows with the Economy After 2006^b								
Receipts	20	20	20	20	20	20	20	20
Expenditures								
Federal consumption expenditures	6	6	5	5	5	5	5	5
Transfers, grants, and subsidies								
Social Security	5	5	5	5	5	6	6	7
Medicare	3	3	4	4	5	6	7	8
Medicaid	1	2	2	2	3	3	3	4
Other	5	5	4	4	4	4	4	4
Net interest	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>7</u>	<u>17</u>
Total	23	22	23	24	27	29	32	45
Deficit	2	3	3	5	7	9	12	25
Debt Held by the Public^c	51	51	55	62	77	102	135	378
Assume Discretionary Spending Grows with Inflation After 2006								
Receipts	20	20	20	20	20	20	20	20
Expenditures								
Federal consumption expenditures	6	6	5	5	4	4	4	3
Transfers, grants, and subsidies								
Social Security	5	5	5	5	5	6	6	7
Medicare	3	3	4	4	5	6	7	8
Medicaid	1	2	2	2	3	3	3	4
Other	5	5	4	4	4	4	4	4
Net interest	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>16</u>
Total	23	22	23	24	26	28	30	41
Deficit	2	3	3	4	6	8	10	20
Debt Held by the Public^c	50	52	55	61	73	93	120	316
Memorandum:								
Gross Domestic Product (Trillions of dollars)	7.2	9.2	11.6	14.6	18.1	22.1	26.8	71.7

SOURCE: Congressional Budget Office.

- a. Consistent with the first official estimate for 1995 published March 4, 1996.
b. Discretionary spending is assumed to grow with net national product.
c. Fiscal year.

